



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 1, 2005

### **S. 1753**

#### **National Alert System and Tsunami Preparedness Act**

*As ordered reported by the Senate Committee on Commerce, Science,  
and Transportation on October 20, 2005*

#### **SUMMARY**

S. 1753 would authorize the appropriation of \$40 million a year for each of the fiscal years 2006 through 2012 for a global tsunami warning and mitigation program administered by the National Oceanic and Atmospheric Administration (NOAA). The bill also would authorize NOAA to oversee the development of a National Alert System (NAS)—a new communications network for transmitting emergency information to the public—but funding for that program would be contingent upon the enactment of separate legislation. (That prospective funding would be provided by title III of S. 1932, the Deficit Reduction Omnibus Reconciliation Act of 2005, as passed by the Senate on November 3, 2005.)

CBO estimates that implementing S. 1753 would cost \$124 million over the 2006-2010 period and another \$156 million after 2010, assuming appropriation of the specified amounts for the tsunami warning and mitigation program. Enacting S. 1753 would not have a significant impact on direct spending. The bill would not affect revenues. The provisions in S. 1753 regarding a NAS would have no budgetary impact until another law is enacted to fund the activities.

S. 1753 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA); however, CBO estimates that the costs to the governmental entities would be small and would not exceed the threshold established in that act (\$62 million in 2005, adjusted annually for inflation). A provision in the bill also would compensate governmental entities for costs incurred in complying with the mandate.

S. 1753 would impose private-sector mandates as defined in UMRA on certain licensees and permittees, including all commercial mobile service providers and nonprofit television broadcasters. Based on information provided by industry and government sources, CBO expects that the aggregate direct costs of complying with those mandates would be minimal

compared to the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1753 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Title II—Tsunami Preparedness					
Authorization Level	40	40	40	40	40
Estimated Outlays	8	16	20	40	40

Note:

Title I of S. 1753 would provide statutory guidelines for a National Alert System that would be funded by the Digital Transition and Public Safety Act of 2005, which was included as title III of S. 1932, the Deficit Reduction Omnibus Reconciliation Act of 2005, as passed by the Senate. That legislation would provide \$250 million in direct spending authority for such a program.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1753 will be enacted during fiscal year 2006 and that the entire amounts authorized will be appropriated for each year. Estimated outlays are based on historical spending patterns of similar programs.

### Tsunami Preparedness

Title II of the bill would direct NOAA to establish and implement new programs to research, detect, monitor, and mitigate the effects of tsunamis in the Pacific and Atlantic oceans. The bill would direct the agency to upgrade and improve existing systems and data management efforts and would authorize it to provide technical and financial aid to those affected by tsunamis, including local and international entities. For those purposes, the bill would authorize the appropriation of \$40 million for each of fiscal years 2006 through 2012, including \$8 million annually for pilot projects to assess the vulnerability of coastal areas of

the United States. Some of the costs of carrying out a program for tsunami warning and mitigation may be offset by reimbursements from other countries participating in the program, but CBO estimates that such reimbursements would be less than \$500,000 annually.

## **National Alert System**

Title I of S. 1753 would authorize NOAA to establish a National Alert System, which would coordinate existing emergency communication systems and use multiple technologies for communicating emergency information. Under S. 1753, funding for the NAS program would be contingent on the enactment of separate legislation. That other legislation—the Digital Transition and Public Safety Act of 2005, which was included as title III of S. 1932, the Deficit Reduction Omnibus Reconciliation Act of 2005 as passed by the Senate—would allow the Department of Commerce to spend \$250 million for a NAS program without further appropriation.

S. 1753 would not authorize appropriations for the NAS program, nor would it provide direct spending authority for the activities. If both S. 1753 and S. 1932 are enacted, however, S. 1753 could affect the timing of direct spending under the authority provided by S. 1932 because it would set statutory guidelines for implementing the NAS. For example, the bill would direct NOAA to certify and train public agencies having access to the system; reimburse broadcasters for certain expenses related to the program; and fund research and development, public outreach, and grants to remote communities to implement the system. Such directives could change the timing of program outlays if the nature of those activities differed from those that would have been undertaken by the department in the absence of this bill.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

S. 1753 contains an intergovernmental mandate as defined by UMRA. The bill would require public broadcasting stations to install necessary equipment to enable the reception, relay, and retransmission of alerts by the National Alert System. CBO estimates that aggregate costs for those stations to comply would require the National Alert Office to compensate public broadcasting stations for costs incurred in complying with the mandate.

S. 1753 also would establish and implement new programs to research, detect, monitor, and mitigate the effects of tsunamis in the Pacific and Atlantic oceans. Coastal states and local communities would benefit from the programs and grants authorized in this bill; any costs they face to participate in those programs would be incurred voluntarily.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

S. 1753 would impose private-sector mandates as defined in UMRA on certain licensee and permittees, including all commercial mobile service providers and nonprofit television broadcasters. Based on information provided by industry and government sources, CBO expects that the aggregate direct costs of complying with those mandates would be minimal compared to the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

Section 103 of the bill would require any licensee providing commercial mobile service to make an election of whether or not they will participate in the transmission of National Alert System alerts. Currently, mobile service providers are not required to make this election. Thus, this provision would constitute a new enforceable duty on the private sector.

Those providers choosing not to participate would be required to inform consumers at the point of sale with a clear disclosure stating that alert transmissions will not be provided by their service. Although not specified in the legislation, government sources have explained that such disclosures could take many forms such as written documents, contracts, signs, etc. CBO estimates that the direct costs for such disclosures would be minimal.

Those providers electing to participate in the transmission of NAS alerts would be required to follow future FCC regulations and certify to the commission that they will follow the standards and protocols implemented by the National Alert Office. Due to uncertainty about future rulemaking and protocols, the direct costs of participating in NAS alert transmissions is unknown and those costs could be greater than the option of not participating. CBO assumes that those providers electing to participate in such transmission would do so because the net benefit of participating would be greater than that of not participating.

Section 103 also would require nonprofit broadcasting stations to install necessary equipment to enable the reception, relay, and retransmission of alerts by the National Alert System. According to government and industry sources, most nonprofit broadcasting stations currently broadcast digital transmissions and could transmit such alerts by purchasing an alerts receiver. Consequently, CBO estimates that the aggregate costs for those stations to comply would be minimal. The bill also would require the National Alert Office to compensate public broadcasting stations for costs incurred in complying with this mandate.

## **PREVIOUS CBO ESTIMATES**

On March 17, 2005, CBO transmitted a cost estimate for S. 50, the Tsunami Preparedness Act, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on March 17, 2005. S. 50 is nearly identical to title II of S. 1753, which addresses tsunami preparedness programs to be carried out by NOAA. The estimated costs of the two versions of the legislation are identical except for 2006, reflecting a later assumed enactment date for S. 1753. Title II of S. 1753 is also similar to H.R. 1674, the United States Tsunami Warning and Education Act, as ordered reported by the House Committee on Science on May 4, 2005. Our estimate for the House bill, transmitted on May 12, 2005, reflected the lower authorizations levels of that version.

On October 24, 2005, CBO transmitted a cost estimate for the Digital Transition and Public Safety Act of 2005, as approved by the Senate Committee on Commerce, Science, and Transportation on October 20, 2005. The spending authorized in S. 1753 for the National Alert System would be derived from a fund that would be created by the Digital Transition and Public Safety Act of 2005, which was included as title III of S. 1932, the Deficit Reduction Omnibus Reconciliation Act of 2005, as passed by the Senate on November 3, 2005.

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